

Message Text

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ACTION EA-12

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FM USLO PEKING

TO SECSTATE WASHDC 1025

INFO AMCONSUL HONG KONG

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

CONFIDENTIAL PEKING 1756

E.O. 11652: GDS

TAGS: ECON ESOC CH

SUBJ: IMPORTED CONSUMER GOODS IN PEKING, SHANGHAI, LOYANG AND
NANCHANG

1. SUMMARY: USLO HAS OBSERVED IMPORTED CONSUMER GOODS, NAMELY JAPANESE PIECE GOODS AND SWISS AND JAPANESE WRIST-WATCHES, ON DEPARTMENT STORE SHELVES IN A NUMBER OF LARGE CHINESE CITIES. THIS IS APPARENTLY A RECENT DEVELOPMENT INTENDED TO PARTIALLY SATISFY LARGE CHINESE DEMAND FOR CONSUMER GOODS WHICH DOMESTIC PRODUCTION CANNOT MEET. END SUMMARY.

2. USLO OFFICER MAKING SPOT CHECKS DURING THE FIRST WEEK OF JUNE HAS FOUND THAT JAPANESE SYNTHETIC PIECE GOODS, PARTICULARLY SUITING BUT ALSO IN SOME CASES FABRIC FOR BLOUSES AND DRESSES, ARE WIDELY AVAILABLE IN CITIES AS DISTANT AS PEKING, SHANGHAI, LOYANG AND NANCHANG SUGGESTING AVAILABILITY IN LARGE CITIES THROUGHOUT CHINA. EQUALLY AS PERVERSIVE ARE FOREIGN WATCHES, WHICH RANGE IN RETAIL PRICE FROM 200-900 RMB, PRIMARILY OF SWISS AND JAPANESE ORIGIN. (WE REPORTED ON AVAILABILITY

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OF CONSUMER GOODS IN CANTON IN HONG KONG 5292.)

3. IN SHANGHAI, ENTIRE STORES SEEMED TO BE ENGAGED IN SELLING TEXTILES ADVERTISED AS "EXPORT GOODS." THESE INCLUDED DECORATED COTTON T-SHIRTS REQUIRING RATION CARDS AND NONRATIONED ACRYLIC SHIRTS AND OTHER GARMENTS AS WELL AS SOME PIECE GOODS. ALSO IN SHANGHAI, MANY

STORES HAD LARGE INVENTORIES OF SECONDS OF CHINESE EXPORTS
QUALITY TEXTILES THAT WERE BEING SOLD AS THOUGH THEY
HAD BEEN MANUFACTURED FOR DOMESTIC SALE.

4. COMMENT: WE ASSUME THAT THE IMPORTATION OF FOREIGN
PIECE GOODS IS A FAIRLY RECENT PHENOMENON. VERY LIKELY,
THESE GOODS WERE IMPORTED PRIOR TO THE 1978 SPRING
FESTIVAL WHICH WAS THE TIME THAT MANY WORKERS RECEIVED
RETROACTIVE WAGE INCREASES OF 15-20 YUAN. BUSINESS AT
THE COUNTERS SELLING JAPANESE PIECE GOODS SEEMED TO BE
LIGHTER THAN THAT AT OTHER COUNTERS SELLING DOMESTIC
MERCANDISE. THIS WAS PROBABLY BECAUSE PRICES WERE
SOMEWHAT HIGHER THAN THOSE FOR DOMESTIC GOODS, AVERAGING
ABOUT 18 YUAN PER FOOT FOR SUITING, AND QUALITY WAS NOT
PARTICULARLY OUTSTANDING. THE CHINESE POPULATION
UNDOUBTEDLY WANTS MORE OF THE THINGS THAT ARE RATIONED
--COTTON AND FOOD--BUT NO RELAXATION OF THE RATIONING
SYSTEM IS EVIDENT SO FAR.

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